

VZCZCXYZ0002
OO RUEHWEB

DE RUEHSO #0804 2071209
ZNR UUUUU ZZH
O 261209Z JUL 06
FM AMCONSUL SAO PAULO
TO RUEHC/SECSTATE WASHDC IMMEDIATE 5466
INFO RHEHNSC/NATIONAL SECURITY COUNCIL WASHDC IMMEDIATE
RUEHBR/AMEMBASSY BRASILIA PRIORITY 6542
RUEHRI/AMCONSUL RIO DE JANEIRO PRIORITY 7309
RUCPDO/USDOC WASHDC 2518

UNCLAS SAO PAULO 000804

SIPDIS

SIPDIS

STATE INR/R/MR; IIP/R/MR; WHA/PD

DEPT PASS USTR

USDOC 4322/MAC/OLAC/JAFEE

E.O. 12958: N/A

TAGS: [KMDR](#) [OPRC](#) [OIIP](#) [ETRD](#) [BR](#)

SUBJECT: MEDIA REACTION: MIDDLE EAST: LEBANON; GLOBAL ECONOMY:
SUSPENSION OF THE DOHA ROUND TALKS; WESTERN HEMISPHERE: CHAVEZ'S
REGIONAL AND INTERNATIONAL INFLUENCE; SAO PAULO

1. "Lebanon's Drama"

Center-right O Estado de S. Paulo (7/26) editorialized: "Israel will maintain a buffer zone in the South of Lebanon to prohibit the area to Hezbollah until international troops can replace its army. This is the only feasible solution for the conflict. Secretary of State Condoleezza Rice is working for that purpose but without any hurry, because the US wants to give time for Israel to cause as much damage as possible to Hezbollah.... In Rome, Hezbollah wants to impose so many preconditions that it will hardly agree with the terms of a peace agreement. Therefore, if international troops are assigned to the South of Lebanon, they must be prepared for an extremely difficult mission."

2. "The Dangerous Post-Doha World"

An editorial in center-right O Estado de S. Paulo remarked (7/26): "The fiasco in the Doha Round negotiations may cost very dearly, according to predictions of analysts and negotiators around the world.... Without the prospect of a new stage of trade liberalization, the conditions for more protectionism, more conflicts and more confusion in global markets are created, and this will cause losses to everyone, but especially to developing nations.... Both Europe and the US maintain a powerful arsenal of fiscal and financial subsidies linked to effective defensive systems protecting all types of products.... The multilateral trade system is at stake. The multiplication of bilateral, regional and inter-regional agreements will probably make it even weaker and complicate trade rules.... Surrounded by nations that decided to negotiate with the US, Mercosul has not signed any agreement with more developed partners. Now it will have to take into consideration in every negotiation the political interests of the Venezuelan government. Caught in that trap, Brazil is one of the emerging economies least prepared to achieve advantageous trade partnerships. The Doha Round fiasco is one of the greatest failures of the current Brazilian administration."

3. "Rich Nations Oppose Free Trade in Doha"

Business-oriented Valor Economico commented (7/26): "Only a miracle would have prevented the Doha Round's failure, but miracles rarely occur.... Without the prospect of a general agreement on trade liberalization, the trends paralleling Doha will return to the scenario perhaps with more intensity - the proliferation of bilateral and regional agreements and conflicts between the WTO members. The developed nations, which hail free trade as the

solution for all problems, were the main ones responsible for the WTO's shipwreck. For almost five years of negotiations, the emphasis alternated between the EU's intransigence to open its markets and cut its tariffs, and the US's tough resistance in reducing its generous domestic subsidies.... The priority given by the Brazilian diplomacy to the Doha Round negotiations was absolutely right. Higher and wider trade gains could result from a joint removal of hurdles hampering free trade. And if such a policy is defeated, it is not only Brazil that will lose, but the world."

14. "Visit Pushes Dispute Between Bush And Chavez"

Political commentator Newton Carlos opined in liberal, largest national circulation daily Folha de S. Paulo (7/26): "The dispute between the Bush administration and Hugo Chavez has gained another emphasis with the Venezuelan president's tour looking for support to choose Caracas a rotating member of the UN Security Council. Preventing that from happening has become a high priority of the US's Latin American policy.... The State Department is fully engaged in the task of preventing Chavez from obtaining the necessary votes, including with Condoleezza Rice's direct interference.... Washington believes that Venezuela's opposition to sanctions against Iran might become another factor of tensions in addition to Caracas' 'divisive and irresponsible behavior.'"

McMullen